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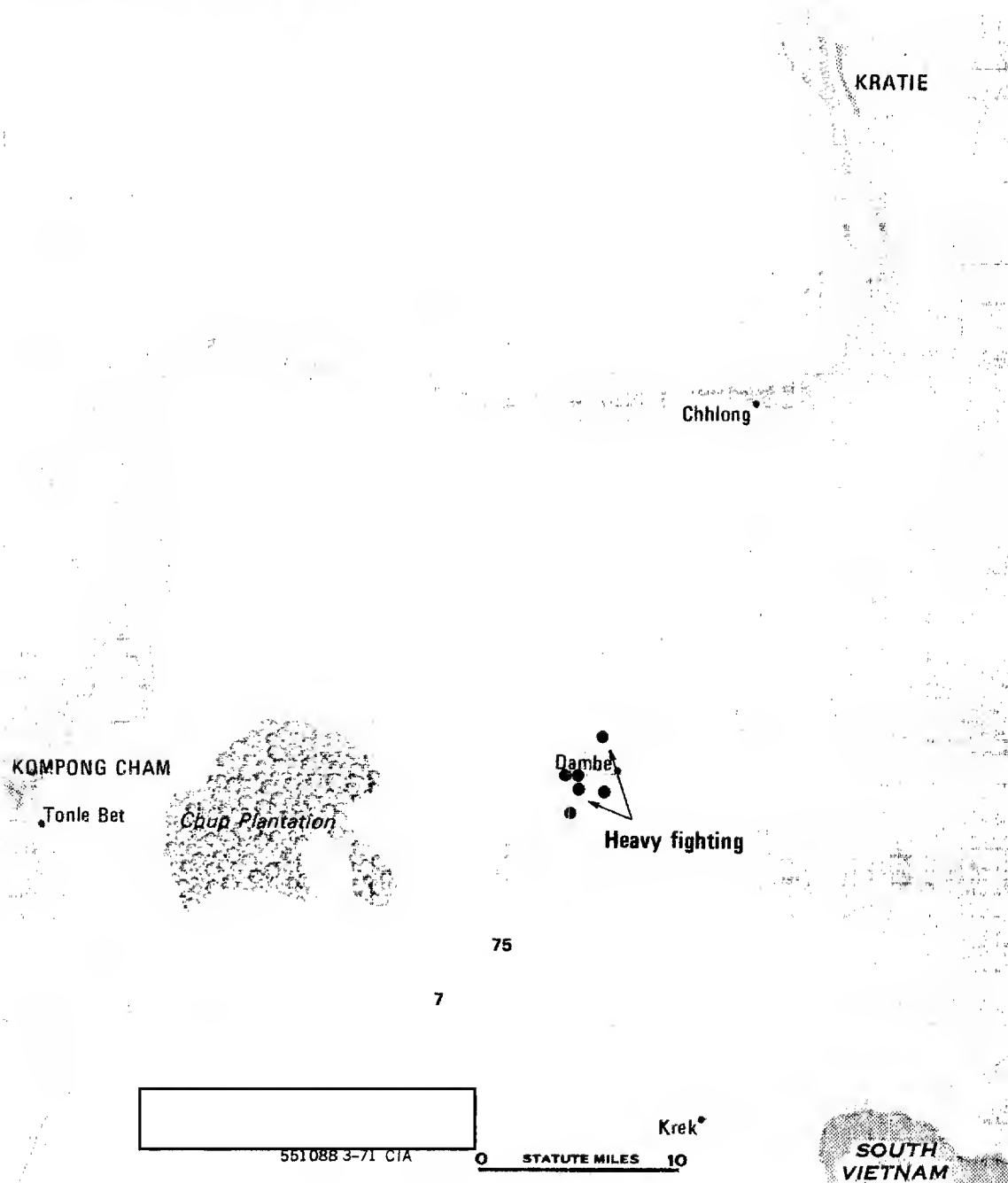


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Chup Plantation Area



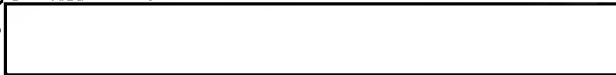
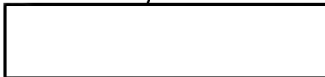
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CAMBODIA-VIETNAM: The South Vietnamese continue to encounter strong resistance east of the Chup rubber plantation.

South Vietnamese armor, infantry and ranger troops around Dambe fought a series of sharp battles along Route 75 on 1 and 2 March. They reported killing about 270 enemy troops while their own casualties were 58 killed and over 200 wounded. The South Vietnamese also lost a substantial amount of weapons and equipment, including one tank. Since the clearing operations began in early February, the South Vietnamese claim to have killed over 2,550 Communists, at a cost of about 330 killed and 1,700 wounded.

The recent upsurge in fighting suggests that the enemy is continuing to maneuver in and around both the Chup plantation and Dambe areas. The Communists appear determined to keep the South Vietnamese forces tied down, apparently in an effort to divert or delay the South Vietnamese from moving into the important storage and base areas in the countryside around Dambe.



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NORTH VIETNAM - SOUTH VIETNAM: Hanoi is continuing to show concern about possible attacks on North Vietnam.

Ever since the prisoner rescue attempt last November, the North Vietnamese press and radio have been full of warnings in this regard. President Thieu's latest speech threatening an invasion is calculated to reinforce Hanoi's apprehension.

Thieu warned that South Vietnamese forces might attack the North unless the latter stopped sending its forces into the South. According to the press, he said that the Communists no longer retain the initiative to attack South Vietnam as before, but that anti-Communist forces now have the capability to attack the Communists anywhere. In a clear attempt to put the onus on the North, Thieu said that he hoped that the authorities in Hanoi would not "force" the South to defend itself by attacking them "right in their own territory," but would "let the authorities in Hanoi decide by themselves whether or not they want to be attacked by us."

In the near term, Thieu clearly wants to keep North Vietnam thinking about its own defenses while it weighs its strategy and deploys its forces against Lam Son 719. In the longer term, he probably wants to drive the point home to Hanoi that the ground rules of this war have been changed and that Hanoi no longer enjoys the advantage of being able to invade the South without much real concern that the latter's forces might move against the North.

Of almost equal importance for Thieu, however, is the fact that many of the government cadre in the audience may be able to help him get re-elected. He used the opportunity to whip up enthusiasm for the struggle against the Communists being waged under his leadership. This latest speech clearly is

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intended for domestic consumption. Thieu nevertheless has been somewhat concerned that he appears too bellicose in the international press. It was with this in mind that his office recently refused to confirm for a press service that he had made another threat that an invasion of the North was "only a matter of time."

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NORTH KOREA - AFRICA: Pyongyang may be facing major diplomatic reverses in Africa.

President Micombero of Burundi is said to be fed up with the reported meddling of North Korean Embassy officials in his country's affairs.

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North Korea's relations with the Central African Republic (CAR) have also soured. Like Micombero, CAR President Bokassa is suspicious of the activities of North Korean diplomats in his country; he also is disappointed with Pyongyang's failure to provide foreign aid. Bokassa has closed the CAR Embassy in Pyongyang and appears to be trying to force the North Koreans to close theirs in Bangui.

Despite these developments in Africa, the long-term trend toward recognition of governments of divided countries is working in North Korea's favor. Although Seoul continues to hold nearly a three-to-one advantage over Pyongyang in terms of international recognition by non-Communist governments, the North Koreans since 1960 have made substantial diplomatic gains among third world countries. Pyongyang also views its expanding commercial contacts in Western Europe as a wedge for eventually securing diplomatic recognition.

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PAKISTAN: [President Yahya Khan's latest attempt to solve the current crisis between East and West Pakistan has failed, at least temporarily.]

Yesterday Mujibur Rahman, the major political figure in East Pakistan, declined Yahya's call to attend a conference of political leaders in Dacca on 10 March. Yahya had apparently hoped the planned conference would mollify East Pakistani anger over his recent postponement of the opening of the national constituent assembly, originally scheduled to have convened on 3 March.

Mujib said he would not attend as long as "the conference is in fact being made at gun point." This conditional refusal is probably an attempt to safeguard his leadership of the East Pakistanis, and at the same time leave open the chance for a peaceful settlement.]

Yahya's appeal followed a second day of disturbances in East Pakistan. Before declining to attend the conference, Mujib had extended the general strike he originally called for 2-3 March through 6 March--the eve of a mass rally at which he will announce future plans. Mujib also called for an immediate end to martial law and the convocation of the assembly. He has continued to urge restraint, however, apparently trying for the present to avoid an all-out clash with the military.

The army appears to have supplanted the police in Dacca, and unconfirmed reports raise the possibility that troops may have tried to disarm Bengali police forces. The martial law administrator has announced that the nighttime curfew will continue until calm is restored.

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INDIA: The government has abandoned its first offshore oil drilling effort in the Gulf of Cambay because of unsuitable Soviet equipment.

Drilling in shallow waters was stopped after reaching 4,900 feet where a possible oilbearing structure proved to be too thin for exploitation. The Soviet equipment is being moved to another shallow site in the Gulf. Indian geologists claim, however, that oilbearing structures probably exist below 15,000 feet at the original site, but the Soviet drills supplied to India are incapable of exploring to this depth.

India's almost total reliance on Soviet equipment and technical assistance for the past 15 years has slowed exploration for badly needed crude oil. Soviet exploration techniques are at least ten years behind those of the West, and Soviet drills are poorly suited to Indian geological conditions and are subject to frequent breakdowns. In addition, Soviet equipment is incapable of drilling in deep offshore areas where India's most promising structures appear to be located. For this reason, New Delhi has been arranging for equipment and technical assistance from Japanese and US companies for future deepwater drilling.

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GUYANA: Prime Minister Burnham has granted far-reaching concessions to Communist Cheddi Jagan and his political party in return for their support of the government's bauxite nationalization legislation.

The affirmative votes of Jagan's People's Progressive Party (PPP) gave the government the two-thirds legislative majority it needed to change the constitution and permit the eventual take-over of the bauxite industry. The measure reportedly was approved on 1 March, but no timetable for the actual implementation of the measure has yet been announced.

Jagan evidently drove a very hard bargain. The government agreed to PPP representation on all government corporations and intimated it may soon grant legal recognition to a PPP-controlled labor union that has been trying for years to gain control of the workers in the key sugar industry. In addition, the government agreed to relinquish in June its right to declare any area of the country under a state of emergency, as well as the minister of home affairs' broad powers of arrest and detention. These powers have been used to harass and intimidate PPP members and to restrict their movement both within the country and abroad. PPP members who wish to travel to Communist countries will no longer be denied passports. Jagan also won some long-sought election reforms, agreement to reduce racial discrimination in government hiring, and permission to hold "peaceful demonstrations."

Burnham may fear trouble as he moves to gain control of the bauxite industry. Under those circumstances he would want to keep Jagan quiet. The price Burnham has paid, however, could come back to haunt him.

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BULGARIA: The new five-year plan goals do not support regime propaganda claims of extensive benefits to consumers.

Bulgaria, like many of the other East European countries acting in response to events in Poland, has embarked on a media campaign stressing that the people are to be the major beneficiaries of future economic growth. Plan directives provide for a 50-percent rise in the production of mass consumer goods, an apparently larger increase than was accomplished during the preceding five-year period. Goals for other consumer welfare - related aspects of the plan, however, appear modest. No over-all growth rate for agricultural production was announced, and only a vague statement alleged that increased production would result from higher investments and special emphasis on livestock production.

Real per capita income and retail goods turnover are slated to grow at slower rates than they did during the 1966-70 period. The government also repeated its often-made but still unfulfilled promises to reduce the length of the work week and to increase the average per capita dwelling space available. It is unlikely, however, that national investment priorities set before the December riots in Poland will be significantly altered.

The announcement of the plan directives also emphasized the desirability of more closely aligning the Bulgarian economy with that of the USSR. The forging of greater "international socialist integration" ties, expanding economic coordination on the basis of long-term plans among CEMA countries, and the creation of joint production enterprises were repeatedly cited as essential to Bulgaria's continued growth. Interestingly, however, the plan

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predicts that the USSR will account for only 58 percent of Bulgaria's foreign trade turnover by 1975, compared with the 65 percent figure cited upon conclusion of the new long-term trade agreement last year.

Other major plan indicators--national income, industrial production, and foreign trade--were set at rates lower than those claimed to have been achieved during the 1966-70 period. This may reflect, at least in part, the regime's stated intent to "rationalize" the Bulgarian economy by increasing emphasis on quality rather than quantity of output.

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SINGAPORE-USSR: Prime Minister Lee Kuan Yew has told the US ambassador in Singapore that the Soviet maritime delegation which arrived in the island state late last month has invited Singapore to bid on a "huge" maintenance and repair arrangement. The arrangement would involve, according to Lee's estimate--obviously exaggerated--25 to 40 percent of the Soviet fleet and an even larger amount of merchant shipping. Lee is extremely unlikely, however, to allow use of Singapore facilities to Soviet naval vessels without consultation with his partners in the Five-Power Defense Pact. Lee obviously is attempting to pressure the US and his defense pact partners into a heavy commitment for usage of Singapore facilities; he pointedly told the ambassador that if the US, UK and Australia kept Singapore facilities busy there would be no room for the Soviets.

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CUBA - COMMUNIST CHINA: The appointment yesterday of Jesus Barreiro Gonzales as Cuba's ambassador to Communist China is in keeping with a slight warming trend in Sino-Cuban relations, but this does not appear to imply a major rapprochement between the two countries. Havana is responding to Peking's initiative last December to restore relations at the ambassadorial level when Ambassador Chang Te-chun was appointed to Havana. Relations between the two countries had remained at a low ebb since 1966, when Castro attacked the Chinese for allegedly reneging on a rice deal and for propagandizing the Cuban armed forces. Barreiro has been ambassador to Romania and director of the Ministry of Foreign Relations Directorate for Socialist Countries.

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LIBYA: Deputy Premier Jallud has rejected the initial offer on oil prices submitted by several companies, accusing the oil companies of "ganging up" on the Libyans. Libyan oil minister Mabruk subsequently indicated [redacted] that it appeared an agreement on pricing probably could be reached, but that negotiations would fail if the companies could not agree on Libyan demands for mandatory reinvestment of some oil company profits and retroactive freight premiums. The companies appear determined at this time to maintain their solid front against the Libyan position on these issues. Their resolve may be strengthened by statements that Persian Gulf members of OPEC would not back any unreasonable Libyan demands. [redacted]

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BERLIN: The slowdown of West German civilian traffic on the autobahn to West Berlin--which caused Mayor Schuetz to postpone the opening scheduled today of West Berlin Senat talks with the East Germans on Easter passes--is merely a continuation of Pankow's normal reaction to West German political activities in the city. The Christian Democratic party is now holding a three-day meeting in West Berlin which ends tomorrow. The harassment does not appear to be aimed at upsetting the more flexible East German approach to matters of mutual interest to Pankow and Bonn. Rather, it is an attempt to strike a balance between this flexible attitude and the hard-line view on matters considered "illegal" such as holding such West German political meetings in West Berlin. [redacted]

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ARMS CONTROL: Comments being made at the current session of the Geneva disarmament conference suggest that the US and USSR may come under increasing international pressure to produce results in the Strategic Arms Limitation Talks (SALT) that resume in Vienna on 15 March. Several delegates have referred adversely to the possibility of a SALT agreement that would set quantitative limits on the superpowers' missile stockpiles but not restrict qualitative improvements in strategic delivery systems. Japan has called for regulation of missile testing, and Canada and Sweden are seeking renewed discussion on the feasibility of a comprehensive nuclear test ban. These countries undoubtedly realize their leverage is limited, but they can be expected to refer with increasing frequency to the commitment of the nuclear powers under Article 6 of the Nonproliferation Treaty to seek an end to the nuclear arms race.

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